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ASK AN ADVISOR

Ask an Advisor: Is it a good idea for financial planners to hire an advisor for their own families?
By Rob Burgess
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Welcome back to "Ask an Advisor," the advice column where real financial professionals answer questions from real people. The topic can be anything in the world of finance, from retirement to taxes to wealth management — or even advice on advising.

Doctors need doctors.

Lawyers need lawyers.

But do financial advisors need their own financial advisors?

That's the question a financial advisor in North Carolina asks his fellow professionals this week. He has a family to think about. He doesn't want to wait until disaster strikes and understands the value in being prepared beforehand to ensure they'll be taken care of. He is curious about what other financial advisors have done. He wants to know if it's a good idea and, if so, what criteria they use to figure out who the best person for the job is.

For help, he turned to his fellow advisors. Here's what he wrote:

Dear advisors,

You've heard the saying that "the cobbler's children have no shoes" — I want to avoid that type of situation.

I have been an advisor for two years, following a 30-plus career in technology. Now I am looking into engaging an independent financial advisor for my family, as my wife and two grown daughters will need professional financial advice if something happens to me, and I want to establish a professional relationship with that advisor before something happens.

I intend to find a fee-only advisor who is willing to offer an advice-only model, i.e., it doesn't need to move my assets under their management. I'm curious about what other advisors in my position have done.

Advisors — do you use an independent financial advisor for your own family? If so, what were the key factors in deciding the type of financial advisor to engage with and then hire them?

Sincerely,

Ray Eustace, Accredited Asset Management Specialist

Eustace Advisors

Cary, North Carolina

And here's what financial advisors wrote back:

Financial advisors provide more clarity
Zack Swad, president and wealth manager at Swad Wealth Management, Santa Rosa, California

As a fellow advisor, I understand the importance of ensuring that your family's financial future is well secured, especially in your absence. While my family hasn't hired a personal financial advisor yet, I see immense value in doing so. It could provide much-needed clarity for my spouse and ensure that our economic decisions align with our values, dreams and goals.

If I were to hire an advisor, the key factors I would consider include:

Life planning focus: I would prioritize a registered life planner (RLP) because the life planning component is crucial to me. An RLP would help ensure that our financial plans reflect our life goals and personal values, offering a holistic approach to financial well-being.

Comprehensive qualifications: I would also seek a certified financial planner (CFP) to ensure the advisor has a broad and thorough understanding of various financial planning aspects.

Specialized knowledge: Given that I run my own independent financial advisory practice, I would look for an advisor experienced in working with business owners and knowledgeable in tax planning. This expertise would be essential to address the unique financial challenges and opportunities associated with managing a business.

By considering these factors, I would be confident in finding an advisor that can provide the professional guidance my family needs and ensure that our financial life plan is on the right track.

Having an advisor is a game-changer
Maggie Klokkenga, financial planner at Abundo Wealth, in Houston

I can speak directly to this as I have my financial planner where I work at Abundo Wealth.

I also have a financial planner as a client, and we have talked about the benefits of not doing at home what you've been doing at work all day. I can tell you, and I've shared this with our founder multiple times, that it has been so beneficial having a financial planner and not being that for my family. There have been so many moments where now I realize why clients act in different ways. Those realizations alone have been worth having a financial planner, but having a financial planner for my husband and me has also had us having more conversations about money (probably because I don't feel that pressure anymore) positively. It's a game-changer!

Advisors need advisors, too
Noah Damsky, chartered financial analyst and founder of Marina Wealth Advisors in Los Angeles

Most people, including other advisors, would benefit from working with an advisor. I'm looking to hire an advisor as we start to grow our family. While I have the ability and know-how to guide us, sometimes I don't do everything as quickly as I want to because life gets in the way. Like our clients and everyone else out there, we need someone to get things done for us when we don't want to or have the time.

I'm guilty of prioritizing work, and that means that I can use the help of an advisor. They would also serve as a contingency plan in case something were to happen to me; they would keep the train on the tracks for my family so good decisions would continue to be made.

We're looking for an independent, fee-only advisor that we gel with, we can trust and are capable.

Not interested
Tom Balcom, CFP and founder of 1650 Wealth Management in Lauderdale-by-the-Sea, Florida

No, I do not use an independent financial advisor for my family's finances. I believe in my methodology and how I manage money. If I were to "outsource" that responsibility, what would it say about how I manage funds for my clients?

Who can you trust?
Nicholas Bunio, CFP at Retirement Wealth Advisors in Downingtown, Pennsylvania

I don't use an independent advisor for my family. But I do have trusted colleagues. Right now, I can understand the concern if something happens to this advisor and he's looking for a backup. My question would be: Why can't he use a co-worker at his firm?

If he doesn't like his firm and co-workers, maybe that's telling him something! Maybe he needs to find another firm to work for. If he's fully independent and

working for himself, that could be a wake-up call to hire or partner with another advisor in the future. Or find trusted colleagues, like I did. After all, it's not just his family he needs to think about, but also his current clients. If something happened to him, who would take over his clients?

You are on the right path
Jay Zigmont, CFP and founder of Childfree Wealth in Mount Juliet, Tennessee

You are on the right path of finding your own advisor. Some people specialize in doing financial planning for financial planners. It is a niche, with its quirks. I've built up a team of coaches and advisors that I go to with specific issues for my own life and finances. I would probably be better off with one "quarterback" for my planning, but I have yet to find someone who can fill that role. Like you, I don't need help with my investing, but I do need help working through my own head trash, tax planning and other specific issues.

More opinions mean a better perspective
David Warshaw, president of The WealthPlan in Great Neck, Long Island

I do not use an advisor, although I see the benefit in getting out of your head and working with someone who comes at things from an unbiased and objective lens. I have a lot of close friends and family who fortunately give me tremendous wisdom and I feel I have grown in discussing things with clients. You get a lot of viewpoints with a large client base.